Supreme Court, U. S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

NO. .....

SOWECO, INC.,

Petitioner

vs.

SHELL OIL COMPANY and
SHELL CHEMICAL COMPANY,

Respondents

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

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ATTORNEYS FOR PETITIONER

January 9, 1981

IN THE

SUPREME COURT OF THE UNITED STATES

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

Soweco, Inc., Petitioner, prays that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Fifth Circuit rendered on May 30, 1980.

QUESTIONS PRESENTED FOR REVIEW

I.

Whether the Court below erred in failing to reverse and render the District Court's rendition of a judgment non obstante veredicto in favor of the Respondent because, with substantial evidence to the contrary, such act was unauthorized and constituted a denial of trial by jury as guaranteed by the Seventh Amendment to the United States Constitution.

II.

Whether the Court below erred in failing to render judgment for the Petitioner on its Lanham Act claims when (1) Respondent was found to have infringed the Petitioner's incontestable trademark and (2) Respondent failed to obtain findings which would set up a statutory defense to such infringement under the Lanham Act.

III.

Whether the Court below erred in failing to render judgment for the Petitioner on its pendent claim for unfair competition when (1) Respondent was found to have violated the Texas law of unfair competition and (2) Respondent failed to obtain findings which would set up a defense to such violations, as is required under Erie R. Co. v. Tompkins, 304 U.S. 64 (1938).

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PARTIES TO THE PROCEEDING

The caption of the case in this Court contains the names of all parties.

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OPINIONS BELOW

The opinion of the Court of Appeals, which is reproduced at Appendix A, has been reported. Soweco, Inc. v. Shell Oil Company, 617 F.2d 1178 (5th Cir. 1980). The judgment of the District Court for the Northern District of Texas, which is reproduced at Appendix B, has also been reported. Soweco, Inc. v. Shell Oil Company, 199 U.S.P.Q. 325 (N.D. Tex. 1978).

JURISDICTION

The judgment of the Court of Appeals was entered on May 30, 1980. Appendix A. A timely Petition For Rehearing was denied on August 12, 1980. Appendix B. Justice Powell, for the Court, granted Petitioner through January 9, 1981 to file its Petition For Writ of Certiorari. Appendix C. This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Amendment VII of the United States Constitution, provides:

> "In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law."

Section 15 of the Lanham Act, 15 U.S.C. § 1065, provides:

> "Incontestability of right to use mark under certain conditions"
>
> "...[T]he right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable..."

Section 32(a) of the Lanham Act, 15 U.S.C. § 1114(a), provides:

> "Remedies; infringement; innocent infringement by printers and publishers"

"Any person who shall, without the consent of the registrant --

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or cause mistake, or to deceive...

shall be liable in a civil action by the registrant for the remedies hereinafter provided..."

Section 33(b) of the Lanham Act, 15 U.S.C. § 1115(b), provides:

"Same; registration on principal register as evidence of exclusive right to use mark; defenses"

* * * * * *

"If the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said section 1065...except when one of the following defenses or defects is established:

* * * * * *

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to described to users the goods or services of such party, or their geographic origin..."

Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), provides:

"False designations of origin and false descriptions forbidden"

(a) Any person who shall affix, apply, or annex, or use in connection with any goods, a false designation of origin, or any false description, including words or other symbols tending falsely to describe or represent the same, and shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used, shall be liable to a civil action...by any person who believes that he is or is likely to be damaged by the use of any such false description or representation..."

Section 45 of the Lanham Act, 15 U.S.C. § 1127, provides:

> "Construction and definitions; intent of chapter"
>
> "In the construction of this chapter, unless the contrary is plainly apparent from the context--
>
> * * * * * *
>
> The term "trade-mark" includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others."

INTRODUCTION

This jury case, concerning trademark infringement and unfair competition, poses important issues of public policy. The decision of the Court below conflicts not only with the precedent of its own circuit, but with others as well.

(1) It is undisputed in this case that the Respondent had during the relevant time periods incorporated the incontestable trademark of the Petitioner into the Respondent's relevant product names.

(2) The jury also found, specifically, that the Respondent was using the infringing product names as trademarks. (App. G, H). 15 U.S.C. § 1127.

(3) In two separate issues the jury determined that the Respondent's use of its relevant marks constituted a passing off of its goods in a manner likely to confuse or mislead potential customers

into believing that the Respondent's goods or services had emanated from or had been endorsed by the Petitioner. (App. E, F).

The first critical issue of public importance concerns the right of an owner which possesses an incontestable trademark to prevent "newcomers" from the usurpation and incorporation of the incontestable trademark in the newcomer's own trademarks.

The second public policy issue of critical importance is the right of this Petitioner to a judgment on the jury's verdict, as guaranteed by the Seventh Amendment. In spite of (1) the unabashed use of the Petitioner's incontestable trademark by the Respondent, and (2) the jury findings of a "likelihood of confusion", the District Court rendered judgment for the Respondent notwithstanding the verdict.

The Court of Appeals affirmed the District Court's action, but for wholly different reasons. The actions of both courts violated the Petitioner's constitutional right to judgment on the jury verdict. U.S. Const. amend. VII.

The decision below abandons the established and well developed courses of jurisprudence which have both (1) protected the owner of an incontestable trademark from subsequent trademark use of that protected mark by a "newcomer," and (2) guaranteed a party, upon sufficient evidence, to a judgment based upon facts established by the jury's verdict.

Petitioner's Petition for Writ of Certiorari offers the Court the opportunity to rectify the circuit conflict in Lanham Act decisions created by the Court below, to confirm the inalienable right of a civil litigant to trial by jury, and to

disapprove a substantial move away from the Erie doctrine as discussed hereinbelow.

STATEMENT OF THE CASE

The Petitioner's incontestable trademark "Larvacide" was initially registered on June 21, 1927, as a trademark for grain and soil fumigants intended for use as an exterminator of bugs, insects, slugs, and rodents. The parties stipulated that the trademark was re-registered on August 28, 1951, was subsisting and uncancelled, and was "incontestable" under the Lanham Act.

The parties also stipulated that the Respondent did not make use of the word "Larvicide", an indistinguishable imitation of the Petitioner's trademark "Larvacide", until October of 1972, approximately forty-five years after the

Petitioner's incontestable trademark had first been used.

The undisputed evidence also revealed infringing products as follows:

(1) "Poultry Spray and Larvicide" in January of 1975; and

(2) "Rabon Oral Larvicide" in October of 1976.

The Respondent admitted to receiving from the Petitioner a written notification of infringement dated November 24, 1975.

The evidence further revealed, the following corraborating evidence of infringement:

(1) Despite the slight misspelling of the Petitioner's mark "Larvacide" in the Respondent's marks "Poultry Spray and Larvicide" and "Rabon Oral Larvicide", the "common" word both appeared and sounded the same;

(2) The products of both the Petitioner and the Respondent were sold in the same retail outlets by salesmen who actually testified at the trial;

(3) The products of the Petitioner and the Respondent were advertised in the same commercial media;

(4) The products of the Petitioner and the Respondent were exhibited at the same agricultural chemical exhibitions and shows; and

(5) Salesmen, who sold both products at the same retail outlets, testified that consumers were confused by the Respondent's use of the Petitioner's trademark in the Respondent's product names.

Based upon such evidence, the jury found a likelihood of confusion in the unfair competition issues (App. E, F), upon which the Petitioner was entitled to a judgment. The jury also found that the

Respondent was making use of the relevant product names as trademarks (App. G, H), as defined by the Lanham Act. 15 U.S.C. § 1127.

The trial was conducted to a jury in February of 1978 upon the Petitioner's theories of trademark infringement, Section 32(a), and unfair competition, Section 43(a), under the Lanham Act, and the Texas common law action for unfair competition.

The Court below determined that the Respondent was entitled to prevail on the jury verdict under the "fair-use" defense to the infringement of incontestable marks (App. I), and for the further reason that no evidence supported the jury's findings of unfair competition under the Texas common law.

From these two latter errors, the Petitioner prays the Supreme Court's review.

REASONS FOR GRANTING THE WRIT

I. The Court Below Erred In Failing To Reverse And Render The District Court's Rendition Of A Judgment Non Obstante Veredicto In Favor Of The Respondent Because, With Substantial Evidence To The Contrary, Such Act Was Unauthorized And Constituted A Denial Of Trial By Jury As Guaranteed By The Seventh Amendment To The United States Constitution.

The right of a party, producing substantial evidence in its favor, to a judgment on the basis of the law and the jury verdict may well be the most precious right one is guaranteed. Despite the lip service of the Congress and the Executive Branches, the apparent rights to attend state educational institutions, obtain a meal or a room in interstate travel, or to choose to use contraceptive devices in family planning became realities, only, when confirmed by the Supreme Court.

In the case at bar, however, it is the judiciary which has deprived the

Petitioner of its right to judgment on the jury verdict.

The standard for evaluating motions for a directed verdict and judgment non obstante veredicto is the same. In passing on such motions, the Court is not free to weigh the evidence or to pass on the credibility of witnesses or to substitute its judgment of the facts for that of the jury. Wright & Miller, Federal Practice and Procedure, § 2524 at 541-45 (West 1969 and Sppl.) (citing numerous authorities from all Circuits).

It is further well settled that directing a verdict in favor of a defendant where there is any substantial evidence supporting the jury's verdict constitutes error for the reason that such action is unauthorized and constitutes a denial of "trial by jury." Capital Traction Co. v. Hof, 174 U.S. 1, 13 (1898);

Slocum v. New York Life Ins. Co., 228 U.S. 364, 375-88 (1913); Howard v. Louisiana & A. Ry. Co., 49 F.2d 571, 573-74 (5th Cir. 1931); United States v. Lesher, 59 F.2d 53, 54 (9th Cir. 1932).

The jury in this case determined that the Respondent's use of its products names ("Rabon® Oral Larvicide" and "Poultry Spray & Larvicide") (App. J, K) were used as trademarks (App. G, H). 15 U.S.C. § 1127 (definition of trademark).

The jury also found that the use by the Respondent of those trademarks constituted unfair competition in that such use was "likely to confuse, or mislead potential customers into believing that such goods or services have emanated from or have been endorsed by the latter [Petitioner]." (App. E, F). Those findings established infringement under the Lanham Act. Union Carbide Corp. v. Ever-

Ready, Inc., 531 F.2d 366, 381 (7th Cir.), cert. denied, 429 U.S. 830 (1976); Kentucky Fried Chicken v. Diversified Packaging, 549 F.2d 368, 388-89 (5th Cir. 1977), as well as statutory unfair competition under Section 43(a). Rolls-Royce Motors Ltd. v. A & A Fiberglass, Inc., 428 F.Supp. 689, 697 (N.D. Ga. 1977); 15 U.S.C. § 1125(a).

Those findings are also drafted in such a way that they also establish unfair competition under the general common law standard. Id. at 382 (...emanates from or has been endorsed by...).

More importantly, such findings established unfair competition under the laws of the State of Texas. Glass v. Kottwitz, 297 S.W. 573, 575 (Tex. Civ. App. -- Galveston 1927, writ ref'd.) (even generic names protected, if public tends to be misled). By refusing the writ in

the Glass case, the Texas Supreme Court placed its approval upon the law as stated therein. Ohler v. Trinity Portland Cement Co., 181 S.W.2d 120, 123 (Tex. Civ. App. -- Galveston 1944, no writ)("writ ref'd disposition" approves law as stated by Court of Appeals).

In evaluating the evidence, similarities or identities existing between the marks, the products, the distribution system, intent, and evidence of actual confusion are the standards for examination. Union Carbide Corp. v. Ever-Ready, Inc., supra at 381-82; Roto-Rooter Corporation v. O'Neal, 513 F.2d 44, 45-46 (5th Cir. 1975). A relation of those specific factors to the facts of this case is discussed in the Petition herein, supra at 10-11.

The use by the Respondent of the Petitioner's incontestable trademark rises

far above a scintilla of evidence of infringement or unfair competition; it rises to virtually conclusive evidence of the same.

Taking away the Petitioner's right to judgment upon the verdict of the jury is constitutional error calling for review by the Supreme Court.

II. The Court Below Erred In Failing To Render Judgment For The Petitioner On Its Lanham Act Claims When (1) Respondent Was Found To Have Infringed The Petitioner's Incontestable Trademark and (2) Respondent Failed To Obtain Findings Which Would Set Up A Statutory Defense To Such Infringement Under The Lanham Act.

The Court below attempted to circumvent the Respondent's infringement of the Petitioner's incontestable trademark by heavy reliance upon the "fair-use" defense (App. I), provided under Section 33(b)(4) of the Lanham Act (App. D). 15 U.S.C. 1115(b)(4).

Absolutely critical to establishing the right of the Respondent to the use of "the fair-use shield" is proving that the Respondent's use of the imitation of the Petitioner's mark was "otherwise than as a trademark." 15 U.S.C. § 1115(b)(4). Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 12-13 (2d Cir. 1976); Venetianaire Corp. of America v. A & P Import Co., 429 F.2d 1079, 1081-83 (2d Cir. 1970); Frostie Company v. Dr. Pepper Company, 341 F.2d 363, 366-67 (5th Cir. 1965).

The jury's finding that the Respondent was using its infringing product names in a trademark sense (App. G, H), as defined by Section 45 of the Lanham Act, thus precludes the Respondent's reliance upon this statutory defense. See J. Gilson, Trademark Protection Practice, § 4.03 [3], at 4-27 (M. Bender 1979).

The Respondent having failed to establish the fair-use statutory defense, upon which the Court below based the majority of its opinion, the Court of Appeals' failure to render judgment for the Petitioner on its Lanham Act claims constitutional multiple error on the basis of stare decisis, as well as an improper interpretation of the meaning of § 33(b)(4) of the Lanham Act.

This Court should correct the erroneous holdings of law below, and rescue the Lanham Act from the unnecessary and improper interpretations promulgated therefrom.

III. The Court Below Erred In Failing To Render Judgment For The Petitioner On Its Pendent Claim For Unfair Competition When (1) Respondent Was Found To have violated the Texas law of Unfair Competition and (2) Respondent Failed To Obtain Findings Which Would Set Up A Defense To Such Violations, As Is Required Under Erie R. Co. v. Tompkins, 304 U.S. 64 (1938).

As discussed previously, the jury's findings on unfair competition established not only infringement and unfair competition "under the Lanham Act, but also established violations of the Texas law of unfair competition..." as approved by the Texas Supreme Court in Glass v. Kottwitz, 297 S.W.2d 573, 575 (Tex. Civ. App. -- Galveston 1927, writ ref'd.).

As a decision of law approved by the Texas Supreme Court, the Court below was not free, on the pendent state claim, to ignore the Glass case under the guidance of the Supreme Court case of Erie R. Co. v. Tompkins, 304 U.S. 64 (1938). Although the Glass case was briefed, it was not recognized by the Court below.

It is noteworthy that the "fair-use" defense has not been recognized in the common law of the State of Texas. To the

contrary, the Glass case makes clear that even generic terms will be protected under the State law if there exists a tendency to "mislead the public and injure the association first so using them." Glass v. Kottwitz, supra at 575.

The Court should review the errors of the Court below which failed to follow the Glass case, pursuant to the Erie rule of law, on the Texas common law claim for unfair competition.

CONCLUSION

The position of the Petitioner is not that the Respondent has no right to use an incontestable trademark in some descriptive sense, but rather that such use must be "otherwise than as a trademark."

From the mouths of the witnesses for the Respondent came confirmation after

confirmation that the Respondent used its product names in a "conspicuous manner" in order to "attract customers" and even that the Respondent had "incorporated" the Petitioner's trademark in the Respondent's product names:

"Mr. Wisdom for Shell:

Q Thank you. Are you today marketing the product, a product termed R.O.L., are you?

A Well, again, to me R.O.L. is Rabon Oral Larvicide, and we are marketing Rabon Oral Larvacide. (emphasis added)

Q What, sir, please, do you mean by 'tm,' by R.O.L., on 14A, the big lettering R.O.L., with the 'tm' beside it, what does the 'tm' mean?

A Well, my understanding is that we

are using it as a Shell Trademark."

Tr. Vol. VII at 780-781. (emphasis added)

"Mr. Pierce for Shell:

Q Well, sir, now, I want you to look at the word Larvacide right there.

Q Excuse me.

A I can't see it.

Q O.K., I'm sorry, I want you to look at the word Larvacide and I want you to look over here and tell me whether or not the word Larvacide has been incorporated into this product name [Defendant's infringing product name]?

A It is a part of that product name.

Tr. Vol. V. at 539. (emphasis added)

Q On your product, the Shell product Rabon Oral Larvacide, the product name, is that normally the largest or the smallest print on a product?

A Rabon is normally the largest.

Q You have never seen Oral Larvicide as large as Rabon?

A Sure, quite often.

Q Quite often? In fact, isn't it prominent, aren't the words prominent?

A Which words?

Q Rabon Oral Larvicide. Isn't that product name prominent?

A Yes, it is the name of the product, so it has to be prominent.

Q In fact, it is very conspicuous, is it not?

A Alway - we always make the name of the product conspicuous."

Id. at 524-525.

"Mr. Flynn for Shell:

Q And what is the brand name of this, the brand name of the product?

A It is Cadcol Rabon Oral Larvicide.

Q Rabon Oral Larvicide is what catches the user's eye, isn't it, isn't that what identifies the product to the user, tells them what is in it?

A It is Rabon Oral Larvicide, yes."

Tr. VII at 729-30. (emphasis added)

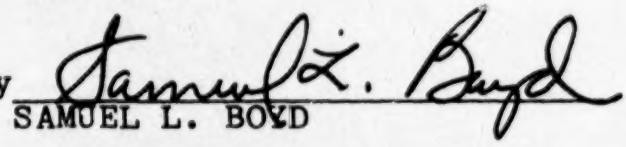
The Petitioner's single most critical concern is that an imitation of the Petitioner's mark has been utilized "in a trademark sense" by the Respondent. The Petitioner's mark had a 50-year headstart in its market. Both the public and the Petitioner are entitled to the protection provided for such an incontestable mark.

The Petitioner's mark is its authentic seal, by which it vouches for the goods which bear it. The use by the Respondent borrows the Petitioner's reputation, whose quality no longer lies within its own control. Judge Learned Hand long ago condemned the "newcomers" unlawful acquisition of another's cherished asset. Yale Electric Corporation v. Roberts, 26 F.2d 972, 974 (2d Cir. 1928).

The Petition For Writ of Certiorari should be granted. Justice requires no more and fairness requires no less.

Respectfully submitted,

McELROY & BOYD

By 
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing PETITION FOR WRIT OF CERTIORARI and the APPENDICES were served on cousel of record for the Respondent:

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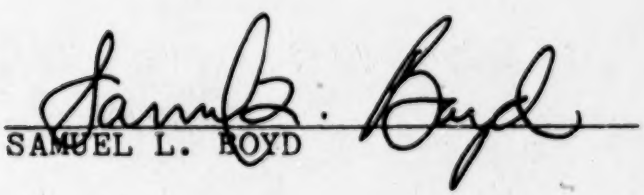

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